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Risk and Reward: ACT Theatre and the Historic Eagles Auditorium

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Cultural Infrastructures and Facilities

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Abstract

University of Washington drama professor Gregory A. Falls founded A Contemporary Theatre, now known as ACT Theatre, in 1965. In the five decades since, ACT's productions have garnered national attention and numerous awards, from Tony and Obie awards to Pulitzer Prizes. In 1996, ACT moved from its first location, Queen Anne Hall, to the historic Eagles Auditorium in downtown Seattle. Now named Kreielsheimer Place, the eight-story building was renovated into 44 low income housing units plus ACT's five performance and event spaces, administrative offices and production facilities. Stakeholders included government and private interests: housing advocates, downtown businesses, and historic preservationists, in addition to the theater community. ACT's staff and board of trustees executed a $30 million capital campaign. But the move, and subsequent management missteps and artistic setbacks left the theater $1.7 million in debt and facing bankruptcy seven years later. The story of how ACT clawed its way back from the brink and regained its artistic and financial footing is as dramatic as any play.

Risk and Reward: ACT Theatre and the Historic Eagles Auditorium

In 1965, Artistic Director Gregory A. Falls established Seattle's first professional summer stock theater: A Contemporary Theatre (ACT), now known as ACT Theatre. ACT's first show, *Oh Dad, Poor Dad, Mama's Hung You in the Closet and I'm Feelin' So Sad* was held at Queen Anne Hall in the Lower Queen Anne neighborhood. In the 50 years since, ACT's plays have garnered national attention and numerous awards, from Tony and Obie awards to Pulitzer Prizes (Siano, 2014). But as much as ACT has invested into what's on stage during its illustrious history, the organization has also moved mountains offstage.

One such mountain was moved in 1996 when ACT moved from Queen Anne Hall (now home of On the Boards) to the Eagles Auditorium at 700 Union Street in downtown Seattle. ACT's big move followed a rigorous fundraising campaign and renovation of the historic building that was originally built in 1925. The seven-story building was completely dilapidated and "required a massive amount of renovation to turn it into a theater space. Now the building hosts annual attendance of over 150,000, and is home to ACT's five performance and event spaces as well as the administrative offices and production facilities for building scenery, costumes, and props" (ACT Theatre Announces, 2014). But how did this incredible $35 million cultural facility project go from idea to completion? It all began with a growing need.

Every theater needs space. In the late 1980's, according to the Managing Director at the time, Susan Trapnell, ACT was simply outgrowing its space in Queen Anne and the organization's longer-term programming plans required more. "Audiences suffered cramped legroom, poor sight lines, and a severely under-climatized theater. Handicapped patrons [were] met by poor parking conditions and limited seating choices" (personal communication, November 13, 2015). Artists were forced to deal with a low ceiling/lighting grid and no

backstage workspace (ACT Theatre, 1994). So the ACT board of trustees and staff began the search.

Failure to Launch

Most ACT fans probably don't know that the first plan for ACT's new home was not Eagles Auditorium. Earlier in the search process, ACT board and staff were approached by board member and private developer Dick Clotfelter. At this point in time, Seattle was in need of revitalization downtown. Accordingly, the zoning code was altered to allow considerable tax credits for nightlife and entertainment if opened downtown. Motivated by the credit opportunities, Clotfelter invited ACT to be a partner in a $10 million real estate development at Third Avenue and Pike Street. ACT hired a consultant who performed a feasibility study, designs were drawn, plans were made. For four years ACT actively fundraised $3 million of its $5 million goal. Then in 1991-1992 the city suffered an economic downturn and the project went bankrupt (S. Trapnell, personal communication, November 13, 2015). After over four years of hard work, planning and fundraising, ACT was sent back to the proverbial drawing board. Fortunately, the efforts were not a complete loss.

Trapnell noted in her interview that the fundraising ACT had already done up to this point helped build momentum. ACT had a better idea of what its needs were and a stronger sense of purpose among internal stakeholders. Additionally, the feasibility study had helped ACT identify that its patrons' main concern over a potential move to downtown was safety. The Pike Street project may have gone under, but the process helped eventually lead to the success of Eagles Auditorium (S. Trapnell, personal communication, November 13, 2015).

A Proud Building

Designed by local Seattle architect Henry Bittman, Eagles Auditorium was constructed in 1925 by the Fraternal Order of the Eagles, a Seattle-based men's lodge whose founders had theatrical ties (Kershner, 2012). Over the years it served as a hotel, a community rental facility, ballroom, gymnasium, billiards parlor, nightclub and more.

> Martin Luther King, Jr. spoke there on November 10, 1961 on his only visit to Seattle. The building also served as the home of the Unity Church of Truth from the mid-1950s until 1960, and was a major rock concert venue from the mid-1960s until 1970. Among other groups, The Grateful Dead performed there eight times in the 1960s. (Downtown Historic Theatre District, 2013)

The Eagles Auditorium's historical and architectural significance became undeniable once it got listed on the National Register of Historic Places in 1983. "It is recognized for its terra-cotta ornamentation and Romanesque style" and was made a local, Seattle Historic Landmark in 1984 (Faget, 1996). Officially proclaimed important, the once proud building continued to sit vacant for over ten years and fell into complete disrepair.

Shared Interests

What made the Eagles Auditorium restoration project such a success had a lot to do with timing and the confluence of various shared interests. In 1988, as the Washington State Convention Center was being developed right next to Eagles Auditorium, the city had made a concession that Eagles Auditorium (as a protected landmark) would be left as is, to be used at a future date for civic purpose. So, when ACT's intended Pike Street home fell through, both Trapnell and the Seattle Housing Resources Group (SHRG) were contacted by Jim Ellis, Chair of the Board of the Convention Center. Ellis proposed the building for a joint venture: arts space,

and affordable housing units. Both the City of Seattle (including Mayor Norman Rice) and the County had numerous interests in the project. They were motivated to make the project work to increase affordable housing, satisfy historic preservation commitments, and to boost the cultural and economic vitality of downtown (ACT Theatre, 1994).

The building at the time was still owned by six companies including US Bank, joined in an LLC, who were motivated to invest in the project because they would be able to recoup the cost over time through skillful, extensive use of various tax credits and transferable air rights. Transferable air rights are a city-controlled inducement that give a structure's owner the ability to sell or transfer the structure's height allowance to another developer's building in a different zone with lower height requirements. Newer developers are often willing to pay a premium price per square foot for the chance to build higher in otherwise more restricted zones (Scandiuzzi, Griffin & Hughes, 2015). ACT and SHRG would plan and fundraise for their respective parts of the project, and the LLC would allow rent-free use of the space in exchange for management. At the end of 15 years of managing the building, ACT would essentially earn the ownership of its portion of the building, and SHRG ownership of the 44 completed housing units (S. Trapnell, personal communication, November 13, 2015). Altogether, Washington State (through Building for the Arts), King County, the City of Seattle, the Convention Center, Historic Preservation Tax Credits, the National Endowment for the Arts (NEA), and SHRG contributed about $15 million, a whopping 51 percent of the project's total cost (ACT Theatre, 1994, p. 11).

Strong Leadership

ACT's leaders and their ability to work together collaboratively were essential to bring the project through to fruition. To begin with, the staff and board depended on the bold leadership of their Managing Director. Trapnell knew a venture of this magnitude would be

risky: the cost of maintaining the new space alone would be at least triple that of ACT's previous home in Queen Anne Hall. But she was fully dedicated to the organization's mission. She envisioned what ACT's future needs might be and was able to communicate them effectively to the staff and board to activate their support.

Along with Trapnell, Producing Director, Phil Schermer was the strongest visionary for the building. He co-designed the facility's three theater spaces with principal architect Gary Watasuki, of Callison Architecture. Schermer was able to see and help others see the real potential of the completely dilapidated building and make the impossible possible.

Trapnell also credits ACT's Board of Trustees who were mighty and resolute in their participation. This restoration came with one hefty price tag. Without the board's colossal fundraising efforts and invaluable connections, it never would have gotten past planning stages. For example, Doug Norberg, a developer on the board, helped develop the intricate tax credit aspects of the project. Additionally, Capital Campaign Co-Chairs George Willoughby, ACT Board President, and Phil Condit, President of the Boeing Company spearheaded the fundraising endeavors. These two board leaders had connections to

> …deep pockets like the Allen Foundation, Boeing, and the Kreielsheimer Foundation [which] kicked in more than $1 million each. Other substantial grants, among many, came from Microsoft Corporation and the William H. Gates Foundation, SAFECO Insurance, Priscilla Collins, and the Kresge Foundation. Roughly $3.1 million from the state, county and the National Endowment for the Arts was received, along with $8.1 million in preservation funds and tax credits. (The Housing Resource Group paid $3.2 million to construct the housing units). (Berson, 1996)

Trapnell noted that one of the board's strengths was having members who have some tolerance for risk. Lawyers and accountants can't be front and center because they are in the business of avoiding risk. CEOs of big corporations were the best [for a project like this]. They could keep others calm and refocus the group when things went awry (personal communication, November 13, 2015).

A Bumpy Road

Trapnell is the first to admit that no capital project is without its unexpected twists and turns. "Projects are just one surprise or mishap after another. Time gets wasted, points don't connect," she reflected (personal communication, November 13, 2015). Aside from the implosion of the first development plan at Third Avenue, as far as the building process was concerned, the biggest hindrance was the historical alteration permit. There was some controversy over the proposed renovation of Eagles Auditorium, particularly among the historic preservation community. The history buffs' contention was the project would change the appearance of the building too much. For example, to save money, ACT wanted to take out the lodge room which had an "ornate plaster frieze." Initially ACT also planned to keep technical facilities in lower Queen Anne but later altered the designs to add an entire new top floor to house these tech facilities and offices. "Some in the historic preservation community even accused ACT of a bait and switch." The regional office of the National Park Service (which has jurisdiction over National Register properties) rejected the plans. ACT then had to go to appeal to the Department of the Interior in Washington D.C. to get approval for the project plans (ACT Theatre, 1994). Trapnell stated this process had about an eight-month turnaround time (personal communication, November 13, 2015).

Financial Repercussions

When questioned about the biggest project setbacks, Trapnell stated that the leadership team's biggest mistake was not including an operating reserve or any transition funds in their budget. This oversight has had long-lasting implications for ACT's finances and overall stability in the years since. ACT opened downtown in September of 1996. Before Eagles Auditorium, ACT was known for being fiscally cautious. After the move, ACT went from a $230,000 space to a $30 million space. Higher operating expenses had ACT quickly burning through cash reserves. Income estimates proved to be way off as well. ACT lost about 15 percent of their subscribers after the move. Subscribers did not want to come downtown for safety reasons, as downtown was still a "dead zone" at the time. Issues on the artistic side did not improve matters.

> The triumphant move was marred by two rocky initial seasons at Kreielsheimer Place. New artistic director Peggy Shannon's first productions there were disappointments, critically and at the box office. By the time Shannon resigned in 1997, Trapnell said, the organization had its first operating deficit and attendance plummeted. (Subscriptions dropped from a high of 11,400 in 1996 to 9,000 in 1997). (Berson, 2003)

The next Artistic Director, Gordon Edelstein, brought great expertise and star power. Higher production values often equal higher production costs (Berson, 2003). In the wake of such an epic project, staff burnout began taking its toll. In addition, several key leaders, including two founding members, passed away, hitting staff morale.

Trapnell recalled that about 80 percent of the staff turned over within the first five years after opening (personal communication, November 13, 2015). Trapnell herself left ACT in 2002 to manage the Guthrie Theater in Minneapolis, and the situation only continued to escalate into a complete crisis. In a 2003 article for the Seattle Times, theater critic Misha Berson wrote

> Interviews with more than a dozen actors, directors, board members and administrators, and a review of board minutes supplied by ACT, paint a picture of a theater hit by a "perfect storm" — a confluence of difficult circumstances and dubious internal decisions, including ACT's 1996 move to a new facility, swelling artistic ambitions, shifts of leadership, overdependence on credit and the post-9/11 recession.

These conditions led to disaster in a matter of weeks, when ACT suddenly laid off most of its staff, canceled plans to bring in a newly-hired and nationally-respected artistic director, and posted a $1.7 million debt. The theater also made the stunning admission on February 14 that it had only $3,000 left in its checking account — a shocker for an organization that in 2002 had a nearly $6 million budget, more than 60 employees, and a facility bustling with theatrical activity.

Trapnell returned to Seattle after a little less than a year with Guthrie and came back to ACT to consult in the crisis. “If you don’t have cash you don’t have strategy. If you don’t have strategy you are just getting by year to year,” she said of the financial troubles (personal communication, November 13, 2015). Times were tough, but ACT still survived.

With strong community support and emergency fundraising, ACT limped on. A turning point on its road to recovery happened in 2007 when Carlo Scandiuzzi came on staff to lead the Central Heating Lab, an innovative program that “presents the dozens of productions that supplement ACT’s regular mainstage season.” In 2008, Scandiuzzi took the helm as Managing Director. Under his “bold and inventive” leadership, ACT went on to produce a highly successful mainstage season in 2011. ACT began to pay bills on time and chip away at its $2 million-plus debt from a bank line of credit, albeit slowly (Berson, 2012). ACT’s IRS form 990 for the three years from 2011 to 2014 illustrate a steady improvement with 2014 showing a positive net operating result for the first time since before the recession.

Was It All Worth It?

ACT's story of perseverance through the renovation project and the many trials that followed is both inspirational and cautionary. It is easy to blame ACT's financial issues on the building project. However, upon closer examination, the truth isn't quite so black and white. Budgets, plans, and management can only go so far, and then life intervenes. Unpredictable, often unavoidable forces come into play: unpopular artistic choices, death of key leaders, economic recession, employee burnout.

A cultural facility project isn't really complete until it achieves its intended purpose. Often, whether or not that purpose has been achieved cannot be determined until years later. Nineteen years after the renovation was completed, Trapnell shared her thoughts. She truly believes the space has far surpassed what it was intended to do. "It just took 15 years to get it there." The project preserved a beautiful, historically significant building. It created housing and contributed to Seattle's cultural vibrancy through a multitude of productions and programs. ACT was provided with a stronger sense of identity and room to grow over time. Today the space is a hive of artistic activity. It serves hundreds of artists and over 150,000 visitors each year. In the long term, the Eagles project has arguably brought ACT closer to its mission. And when one is on a mission, one must take risks to accomplish it. The only question now is: what will ACT's future hold?

Method Note:

This case study was developed by Sonia Nelson, MFA 2016 for Seattle University's MFA in Arts Leadership course Cultural Infrastructure and Facilities taught by faculty Katie Oman and Bill Moskin. An interview was conducted with Susan Trapnell, former Managing Director of ACT Theatre as part of this research during Fall Quarter, 2015. Susan Kunimatsu provided editing. Citations and references may not conform to APA standards.

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